

**LOUISIANA LOTTERY CORPORATION  
BOARD OF DIRECTORS MEETING  
June 28, 2013**

Chairman Verge Ausberry, Jr. called the meeting to order at 10:02 a.m. in the Board Conference Room located at the Louisiana Lottery Corporation Headquarters, 555 Laurel Street, Baton Rouge, Louisiana.

**I. Attendance**

- A. **Members Present:** Chairman Verge Ausberry, Vice Chairman John Fitzpatrick, and Secretary Kim Carver, Directors: J.T. Taylor, Lisa Reardon, Larry Katz, and Roy Robichaux.
- B. **Members Absent:** Heather Doss and Ron Henson.
- C. **Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Karen Fournet and Senior Vice President/General Counsel, John Carruth.

**II. Pledge of Allegiance**

Secretary Carver led the Board of Directors and all attendees in our Pledge of Allegiance.

**III. Approval of the Minutes of Prior Board Meeting**

Director Robichaux **moved** to approve the April 26, 2013, Board Meeting Minutes. Director Taylor **seconded** the motion. There being no objection, the minutes were **approved**. The meeting was then turned over to President Rose Hudson for the President's Report.

**IV. President's Report**

Ms. Hudson began by introducing Greg Rigamer, Founder/Director of GCR, a New Orleans-based technology services company. She requested Mr. Rigamer to give a brief overview of the data and information management system that is behind the new iPad application for Lottery Sales Representatives. Mr. Rigamer delivered a presentation to the Board of Directors that provided details about what kind of data will be available to the Sales Representatives, including geographic-based retailer product and per capita sales breakdowns by senate and congressional districts, parishes, sales representatives' territories, as well as by economic indicators and population data. Ms. Hudson added that this new system will help the sales department make real-time, data-driven decisions regarding inventory management and retailer recruitment. The tablets with the new software will be rolled out to sales staff on July 23, 2013.

Director Carver asked if the Louisiana Lottery was the test case for this system. Steve Beck of Intralot, which partnered with GCR on the project, said that other Lotteries are using similar

systems to analyze retailer sales data, but most include a sampling of metrics, and pointed out no other Lottery is using a system as robust as the one that was developed for the Louisiana Lottery Corporation.

Ms. Hudson updated the Board of Directors on the outcomes of two bills from the legislative session. She reported that SB 133 by Senator Jody Amedee was signed by Governor Jindal to be Act 412. The original bill was amended to repeal R.S. 47:9004(B)(4) so that Board Members are no longer required to provide their professional client lists. Ms. Hudson additionally reported that the resolution to study internet gaming in the state died, and no further action is needed at this time from the Lottery.

Ms. Hudson congratulated the Marketing Department on winning two Telly Awards from the Silver Telly Council, as well as two Communicator Awards from the International Academy of Visual Arts. One Telly award was given for "Reason to Smile" under the category Commercial: Institutional/Corporate Image as well and another for our 2013 Saints Winner Video under the Public Relations Category. The Lottery also received a Communicator Award of Excellence and an Award of Distinction.

Ms. Hudson announced that Jason Price, Director IT, and Janet Price, Quality Assurance Manager, are leaving the Lottery to pursue entrepreneurial endeavors this fall. She thanked them for their service to the Louisiana Lottery and wished them the very best. Chairman Ausberry also thanked them for their service.

Ms. Hudson then turned the floor over to Sr. Vice President & Secretary-Treasurer, Karen Fournet, to present the financial report via Power Point Presentation (hard copy attached).

Ms. Fournet began her report by analyzing monthly Powerball sales this fiscal year which continued to demonstrate how the game's performance varies with jackpot levels. Ms. Fournet pointed out that for sales to be stronger than average, the Powerball jackpot had to rise over \$300 million. With California being added to the matrix on April 8, 2013, 38 million potential players have also been brought into the game, which led to the \$591 million jackpot reaching its peak in only 14 draws in May, compared to the 16 draws it took to reach the \$588 million jackpot in November. She reminded the Board of Directors that though this year was successful, it is difficult to forecast Powerball sales because they rely so heavily on jackpot size, which is unpredictable. The two record jackpots in November and May of fiscal year 2013 brought in \$22.6 million and \$21.3 million for those respective months, adding \$30 million in sales and making Powerball the "story of the year".

Ms. Fournet continued by stating that Mega Millions sales run lower than Powerball, but reminded the Board of Directors that Louisiana is a Powerball legacy state with strong player loyalty and brand recognition. Mega Millions sales in May were \$3.2 million, the best month in the past fiscal year, and those sales occurred when the Mega Millions jackpot reached \$190 million. However, she pointed out that Powerball reached the record \$590 million at the same time Mega Millions reached its peak for the year, which likely hindered Mega Millions' growth potential.

Ms. Fournet summarized that when combining the two multistate game sales, the sales for FY13 ended at \$158.2 million as compared to \$139.7 million in 2012.

Ms. Fournet explained that the cannibalization effect caused by these mega-jackpot games has continued to impact Lotto, even though Lotto has experienced strong jackpot levels throughout the year. Lotto sales for fiscal year 2013 are \$25.6 million compared to \$31 million last fiscal year. She additionally stated that the Lottery is currently focusing much of its marketing efforts on reminding players that Lotto is a cash jackpot game. She continued by stating that the cannibalization of state games by larger multistate games is not uncommon.

Additionally, Ms. Fournet advised the Board of Directors that the niche game, Easy 5, is following a typical life cycle of a niche game with sales of \$11.6 million, declining about \$1.8 million from last fiscal year.

Ms. Fournet reported that Pick 3 and Pick 4 sales continue to be the “bread and butter” part of our product mix. She stated that combined sales of \$49.5 million for Pick 3 and \$39.5 for Pick 4 were \$1.5 million higher than last year.

Ms. Fournet advised that instant ticket sales of \$163.2 million boast a \$30 million growth over the past five years. She believes this is due to a variety of factors, among which is new inventory management programs. With the new data management system for SRs, she thinks there is a potential for sales to rise even higher.

Ms. Fournet advised the Board of Directors that total sales for Fiscal Year 2013 are estimated at \$447.6 million, the highest year since 1993, the Lottery’s first full fiscal year when they reached \$492.7 million. She stated that draw-style sales were about \$13 million better and instant ticket sales were about \$5 million better. Total sales Fiscal Year 2012 were \$429.6 million.

From an expense standpoint, Ms. Fournet reported that the Lottery is currently under budget by about \$1.5 million for the 11 months ending May 31, 2012.

Though a preliminary figure, Ms. Fournet estimates that the Louisiana Lottery will transfer \$156.8 million to the State of Louisiana (not including any surplus) for the fiscal year, which is \$23.2 million more than budgeted.

Lastly, Ms. Fournet recognized the Accounting Department on their recent successful conversation to a new software system.

## V. Board Committee Reports

**Personnel Committee** - Personnel Committee Chair Kim Carver made a **motion** to approve **Resolution No. 2013-06-28-1** relative to Amendments to Personnel Policies and Rules which includes the policy governing use of the new data management application for tablets. Director Fitzpatrick **seconded** the motion. There being no objections, the motion was **approved** and **passed**.

**Finance Committee** – No report at this time.

**By-Laws Committee** - No report at this time.

## **VI. Supplemental Retirement Plan**

**Retirement Investment Committee** – Jimmy Goodrum, Vice President of Finance, presented to the Board of Directors **Resolution No. 2013-06-28-2** relative to the Supplemental Retirement Plan. Secretary Carver made a **motion** to approve **Resolution No. 2013-06-28-2** and Director Reardon **seconded** the motion. There being no objections, the motion was **approved** and **passed**.

## **VII. Election of Officers**

Chairman Ausberry thanked the entire Board for letting him serve as Chairman of the Board as it had been a pleasure to do so.

Nominations were made and the following officers were elected with no opposition:

Chairman of the Board of Directors – John Fitzpatrick

Vice Chairman of the Board of Directors – Christopher “Kim” Carver

Secretary of the Board of Directors – James “J. T.” Taylor

## **VIII. Executive Session**

At this time, Chairman Fitzpatrick asked for a motion to go into Executive Session to discuss the performance evaluation of the president. Director Robichaux made the **motion** and Director Katz **seconded** the motion. There being no objection, the motion was **approved** and the Board of Directors went into Executive Session at 11:19 a.m.

Director Katz made a **motion** to adjourn the Executive Session and Secretary Taylor **seconded** the motion. There being no objection, the motion was **approved**.

## **IX. Other Business**

After adjourning from the Executive Session, Chairman Fitzpatrick called the regular meeting of the Board of Directors back to order at 11:45 a.m.

Director Lisa Reardon made a **motion** to increase President Rose Hudson’s salary by seven percent (7%) and Secretary Taylor **seconded** the motion. There being no objection, the motion was unanimously **approved**.

## X. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, August 23, 2013, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

## XI. Adjournment

There being no further business, Chairman Fitzpatrick invited a motion to adjourn the meeting. Director/Vice Chairman Carver made a **motion** and Director Ausberry **seconded** the motion. There being no objection, the motion **approved** and Chairman Fitzpatrick adjourned the meeting at 11:48 a.m.

Date Approved: August 23, 2013.

  
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Wendy Reeves  
Executive Administrative Assistant

  
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J. T. Taylor  
Secretary to the Board of Directors

  
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John Fitzpatrick  
Chairman of the Board of Directors

Attachment(s): (1) Hard Copy Financial PowerPoint Presentation  
(2) Financials

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